

# Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2019-20/60

November 12, 2019

To,

(1) The Manager – Listing  
The Listing Department,  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai-400051.

(2) The Manager - Listing  
The Corporate Relation Department,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400001.

NSE Symbol: VARROC

BSE Security Code: 541578  
Security ID: VARROC

Dear Sir/Madam,

**Sub: Press Release - Financial Results Q2 2019-20 – Revised**

Please find enclosed herewith a copy of Revised Press Release with respect to the Unaudited Standalone and Consolidated Financial Results of the Company for the Quarter and Half year ended on September 30, 2019.

Kindly take the same onrecord and note the compliance.

Thanking you,

Yours faithfully,  
**For Varroc Engineering Limited**

A handwritten signature in black ink, appearing to read 'Chetan Sharma'.

**Chetan Sharma**  
**Sr. Manager (Legal & Secretarial) & Compliance Officer**

Encl: a/a





## Varroc Engineering Limited

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### Press Release

- Revenue from Operations on a like-for-like basis for Q2 FY20 declined by 9.9% YoY amidst challenging market conditions for both India and VLS business
- VLS EBITDA on a like-for-like basis impacted by revenue decline and operating losses at the new facilities during the ramp-up phase. India EBITDA margins declined over Q2FY19 but improved sequentially over the previous two quarters
- PAT at Rs 229 million also impacted by losses in China JV, higher depreciation and finance costs (partly due to Ind AS 116 adoption)

**Mumbai, November 12, 2019:** Varroc Engineering Ltd. (Varroc), a global tier-I auto component group, today announced its results for the quarter ended September 30, 2019

#### Summary Consolidated Financials

(Rs million)

	Q2 FY20	Q2 FY19*	% Change	H1 FY20	H1 FY19	% Change
Revenue from Operations - Reported	27032.3	30010.5	-9.9%	55733.1	59280.8	-6.0%
Revenue from Operations : like-for-like	27032.3	29923.0	-9.7%	55579.5	59198.2	-6.1%
Other Income - Operating	87.8	163.4		368.2	328.9	
Other Income - non-Operating	26.2	19.7		37.5	115.7	
EBITDA : Reported	2311.2	3201.9	-27.8%	5281.6	5613.4	-5.9%
EBITDA : like-for-like	2201.6	2968.7	-25.8%	4990.5	5772.7	-13.6%
EBITDA %	8.1%	9.9%		9.0%	9.8%	
Depreciation & Amortisation	1664.0	1664.5	0.0%	3310.2	2728.5	21.3%
Finance Cost	351.3	208.0	68.9%	663.8	437.0	51.9%
Share of net profits of JVs under equity method	-65.8	73.4	-189.7%	-67.3	201.9	-133.3%
<b>PBT - Reported</b>	<b>256.3</b>	<b>1422.4</b>	<b>-82.0%</b>	<b>1277.7</b>	<b>2765.5</b>	<b>-53.8%</b>
Tax	27.0	430.6		173.4	769.3	-77.5%
Tax rate	8.4%	31.9%		12.9%	30.0%	
<b>PAT - Reported</b>	<b>229.4</b>	<b>991.8</b>	<b>-76.9%</b>	<b>1104.3</b>	<b>1996.2</b>	<b>-44.7%</b>

\*Restated

#### Consolidated Financial Performance for the quarter

- Reported revenue from operations for the quarter was Rs 27,032 million, a decline of 9.9% over Q2 FY19. The India Business revenue declined by 12.0% against a decline of 14.9% in the two-wheeler industry volumes. The Global Lighting Business (VLS) revenue declined by 4.9% in Euro terms.
- The reported EBITDA for the quarter was Rs 2,311 million, a decline of 27.8% YoY. The Reported EBITDA for India Business was at Rs 1,076 million while the like-for-like EBITDA was at 1,024 million. The EBITDA margin was at 10.2%, a sequential improvement over the previous two quarters. The reported EBITDA of VLS was at Rs 1,239 million, a decline of 29.2% YoY. On a like-for-like basis, the VLS EBITDA was at 1,181 million, a decline of 22.1% YoY.
- The PAT for the quarter was at Rs 229 million, as compared to Rs 992 million for Q2 FY19, a decline of 76.9%. The profit for the quarter was impacted negatively by lower revenues which is largely driven by

market decline, operating losses at new facilities during the ramp-up phase, higher interest and depreciation & amortisation costs and losses in China JV.

#### Depreciation and amortisation

- Depreciation and Amortisation expenses were higher, largely driven by the adoption of Ind AS115 and Ind AS116, and capitalisation of new facilities.

#### Finance Costs

- Finance costs were higher due to higher borrowings for new capital investments to support new orders and adoption of Ind AS116.

#### China

- EBITDA in China decreased 96.9% to Rs 5 million due to decrease in automobile production volume for our key customers. The JV reported a PAT loss of 64 Rs million as against a profit of Rs 71 million in Q2 FY19.

Mr. Tarang Jain, MD, Varroc Engineering Ltd. commented,

*“The profitability of both our businesses suffered due to a challenging external environment as well as the cost/ investments associated with the new facilities to support the next phase of growth.*

*We will continue our focus on rationalising costs as well as optimising capex and capacity utilisation over the next few quarters.”*

#### **About Varroc Engineering Ltd.**

Varroc Engineering Ltd is a global tier-1 automotive component group and it was incorporated in 1988. We design, manufacture and supply exterior lighting systems, plastic and polymer components, electricals-electronics components, and precision metallic components to passenger car, commercial vehicle, two-wheeler, three-wheeler and off-highway vehicle OEMs directly worldwide. The group revenue was close to Rs 12,500 crore (USD 1.8 Billion) in FY19, including share of revenues from the China JV. The group employs more than 13,800+ employees, has 41 global manufacturing facilities and has 185 patents.

Varroc Engineering Limited's shares are listed on the National Stock Exchange (VARROC) and the Bombay Stock Exchange (541578).